

**DEPARTMENT OF EMPLOYMENT SECURITY
FALSIFICATION OF DEPENDENT INFORMATION
ON STATE INSURANCE FORMS**

SEPTEMBER 1995

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September 21, 1995

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
and
The Honorable Bob Corker, Commissioner
Department of Finance Administration
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is a special report on our review of a former state employee's falsification of dependent information on state insurance forms. As a result, the State of Tennessee Comprehensive Medical and Hospitalization Program (hereinafter referred to as the State Plan) paid \$22,557.70 in medical benefits for an ineligible recipient.

The review disclosed that Mr. Ivan W. Hall, a former Department of Employment Security veterans employment representative, had knowingly listed his ex-wife, Ms. Ima Jane Hall, as his dependent spouse on state insurance forms he signed. As a result of this falsification, the State Plan paid \$22,557.70 in medical benefits for Ms. Ima Hall, who was an ineligible recipient.

The information developed during this review was provided to the Office of the State Attorney General and the Office of the District Attorney General, 4th Judicial District, Sevier County, on July 18, 1995.

Very truly yours,

W.R. Snodgrass
Comptroller of the Treasury

WRS/jm

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Special Report
Department of Employment Security
Falsification of Dependent Information on
State Insurance Forms
September 1995

REVIEW OBJECTIVES

The objectives of the review were to determine whether Mr. Ivan W. Hall, a former Department of Employment Security veterans employment representative, had knowingly listed his ex-wife, Ms. Ima Jane Hall, as his dependent spouse on his state insurance forms to allow her to receive medical benefits for which she was not entitled; to determine the amount the State of Tennessee Comprehensive Medical and Hospitalization Program (hereinafter referred to as the State Plan) paid in medical benefits for Ms. Ima Hall; and to refer our findings to the Department of Employment Security and to the Office of the State Attorney General and the Office of the District Attorney General.

RESULTS OF THE REVIEW

Our review established that Mr. Ivan Hall had knowingly listed his ex-wife, Ms. Ima Hall, as his legal spouse on state insurance forms he signed. As a result of this misrepresentation, the State Plan paid \$22,557.70 in medical benefits for Ms. Ima Hall who was an ineligible recipient. The information developed during this investigation was provided to the Office of the State Attorney General and the Office of the District Attorney General, 4th Judicial District, Sevier County, on July 18, 1995.

"Audit Highlights" is a summary of the special report. To obtain the complete special report, please contact

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INTRODUCTION

On June 14, 1995, Ms. Gail Cantrell, Manager of Plan Integrity for the Department of Finance and Administration's Division of Insurance Administration informed the Division of State Audit that an employee of the Department of Employment Security had allegedly falsified his state insurance forms. Mr. Ivan W. Hall, a Veterans Employment Representative II in Gatlinburg, Tennessee, allegedly listed his former wife, Ms. Ima Jane Hall, as his legal spouse on state insurance forms he signed on April 28, 1989. Our review established that on his state insurance forms, Mr. Hall knowingly listed his ex-wife, Ms. Ima Hall, as his legal spouse, allowing her to receive medical benefits. As a result of this misrepresentation, the State of Tennessee Comprehensive Medical and Hospitalization Program (hereinafter referred to as the State Plan) paid \$22,557.70 in medical benefits for Ms. Ima Hall, who was an ineligible recipient.

OBJECTIVES OF THE REVIEW

The objectives of the review were

1. to determine if Mr. Ivan Hall knowingly listed his ex-wife as his dependent spouse on his state insurance forms to allow her to receive medical benefits for which she was not entitled;
2. to determine the amount the State Plan paid in medical benefits for Ms. Ima Hall;
3. to transmit our findings to the Department of Employment Security; and
4. to refer our findings to the Office of the State Attorney General and the Office of the District Attorney General.

SCOPE OF THE REVIEW

Our review included an examination of state insurance enrollment forms signed by Mr. Hall on April 28, 1989; a printout of medical claims paid by the State of Tennessee for Ms. Ima Hall for the period May 1, 1989, through April 30, 1995; a copy of a final divorce decree between Mr. Ivan W. Hall and Ms. Ima W. Hall filed on October 31, 1986, in Cocke County,

Tennessee; and a copy of a motion for modification of the above-mentioned final divorce decree filed on November 7, 1986, with attached affidavit signed by Mr. Hall. Our review also included discussions with Ms. Gail Cantrell, Manager, Plan Integrity, Division of Insurance Administration, and Ms. Robbie Zeigler, Director of Internal Audit, Department of Employment Security. Furthermore, representatives from our office and the department interviewed Mr. Ivan Hall, on July 18, 1995.

BACKGROUND

Mr. Hall's Position at the Department of Employment Security

Mr. Hall began working for the Department of Employment Security on April 3, 1989, as a Veterans Employment Representative assigned to the Gatlinburg office. Mr. Hall indicated that he had been assigned to either the Gatlinburg or Sevierville offices since he began working for the department. Mr. Hall stated that he was responsible for helping veterans find employment with businesses in the Gatlinburg area.

Notification That Mr. Ivan Hall Had Apparently Falsified His State Insurance Forms

In May 1995, the Division of Insurance Administration, Department of Finance and Administration, received information indicating that Mr. Ivan Hall had listed Ima J. Hall as a dependent on his state insurance forms despite the couple's divorce in October 1986. The Division of Insurance Administration also received a copy of a final divorce decree between Ivan W. Hall and Ima J. Hall filed in Cocke County, Tennessee, on October 21, 1986.

Action Taken by the Division of Insurance Administration

Ms. Cantrell requested in a letter dated May 25, 1995, that Mr. Hall provide proof he was legally married to Ima J. Hall as he had stated on state insurance forms he signed on April 28, 1989. Mr. Hall stated in a handwritten note dated June 5, 1995, that he did not realize he was divorced from Ima J. Hall until January 1994. According to Ms. Cantrell, Mr. Hall stated that he had continued to live with Ima Hall for seven years following her filing for divorce in 1986 and had never received any final divorce papers. Therefore, he had listed Ima Hall as his wife on his state insurance forms because he believed he was still legally married to her.

DETAILS OF THE REVIEW

Mr. Hall Knowingly Listed His Ex-wife as His Dependent Spouse on His State Insurance Forms

Staff of the Division of State Audit and Ms. Robbie Zeigler, Director of Internal Audit for the Department of Employment Security, conducted an interview with Mr. Hall on July 18, 1995, at the Department of Employment Security's office in Gatlinburg, Tennessee. During this interview, Mr. Hall signed an affidavit acknowledging that he had knowingly listed his former wife, Ima Hall, as his legal spouse on state insurance forms when he began working for the Department of Employment Security in 1989. In the affidavit, Mr. Hall acknowledged that he knew he was legally divorced from Ima Hall at the time he began working for the state, but that he had knowingly listed her as his legal dependent on his state insurance forms because he had continued to live with her and was only trying to provide for her. During the interview, Mr. Hall also expressed a willingness to repay the state the amount that had been paid on behalf of his former wife.

Action Taken by the Department of Employment Security

Mr. Billy Stokes, Commissioner, Department of Employment Security, notified Mr. Hall by a letter dated July 21, 1995, that Mr. Hall had been placed on administrative leave with pay pending the results of the investigation by this office. Commissioner Stokes advised Mr. Hall in a memorandum dated August 7, 1995, that he was terminating him for gross misconduct unbecoming an employee in state service, pursuant to the Rules of the Tennessee Department of Personnel, Chapter 1120-10-.06(8). Commissioner Stokes stated that he had based his decision on information presented at a due process hearing held for Mr. Hall on August 3, 1995. In addition, Commissioner Stokes informed Mr. Hall that the balance of Mr. Hall's accrued annual leave would not be paid because he was being separated from state service for gross misconduct. Mr. Hall did not exercise his right to appeal the commissioner's decision regarding his termination.

Referral to the State Attorney General and District Attorney General

The information developed during this investigation was provided to the Office of the State Attorney General's Office and the Office of the District Attorney General, 4th Judicial District, Sevier County, on July 18, 1995.